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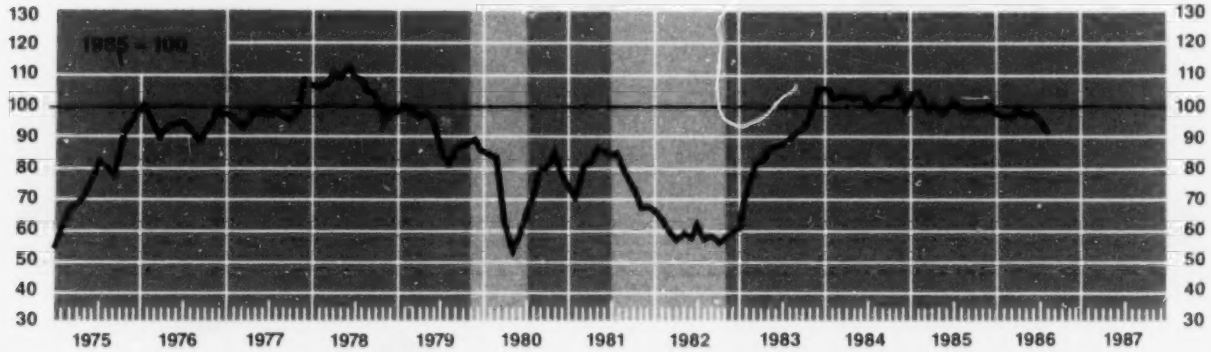
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

September, 1986



CONFIDENCE DOWN AGAIN PLANS TO BUY MIXED

The measure of consumer confidence was down in August for the second consecutive month. The Board's Index (1985 = 100) now stands at 90.2, a loss of more than five points. The current reading is the lowest in three years. Consumer plans to buy cars and homes in the next six months are down slightly. Intentions to buy major appliances, however, are up.

Most of the decline in confidence reflects the consumer's growing disenchantment with the current situation. For the first time in a long while, more people consider present business conditions to be "bad" than "good." Also, more than half as many more respondents report that jobs are "hard to get" than those who report that they are "plentiful."

Consumers are somewhat less confident about the future than they were a month earlier. More people now expect the job situation to tighten over the next six months. Also, fewer survey respondents than last time now expect their personal incomes to rise in the months to come.

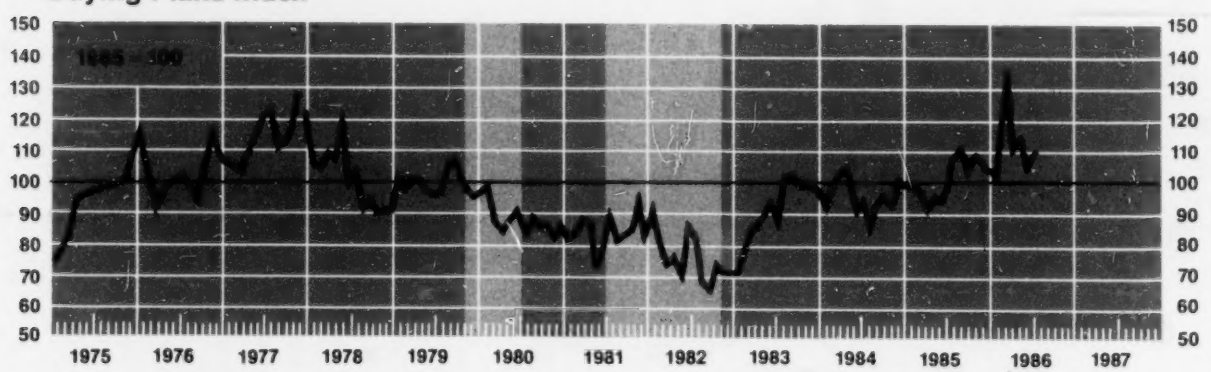
Plans to buy an automobile were indicated by 8.7% of all respondents, only slightly less than last month. Although plans to purchase a home are also now less prevalent, they remain quite sturdy compared to a year ago. Plans to purchase a major appliance are up.

More people are now planning a vacation during the next six months than last year at this time. However, only 6% of all survey respondents plan to visit a foreign country, down from 7.1% a year ago.

Consumer confidence has been drifting down since the beginning of the year, but the decline has accelerated in recent months. Still, while the recent loss has been relatively large, it is not nearly as precipitous as the drop which usually precedes recession. In short, while the latest news from the consumer is not good, it is still not anywhere near bad enough to worry about. However, it now appears increasingly likely that those who expect the economy to surge in the remaining months of the year are almost certain to be disappointed.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1985 *Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*	1986 *Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July(r)*	*Aug.(p)*
						Composite Series: Index Numbers, 1985 = 100							
Consumer Confidence Index	99.6	98.9	99.3	98.7	99.8	97.8	96.9	96.9	99.0	97.2	97.2	95.5	90.2
Present Situation	95.2	97.4	100.6	99.7	101.3	100.4	97.8	95.0	100.7	100.2	97.6	96.0	87.7
Expectations	102.5	99.8	98.4	98.1	98.8	96.0	96.3	98.1	97.8	95.2	97.0	95.2	91.8
Buying Plans Index	98.4	107.3	110.3	101.2	108.8	105.6	103.9	101.9	135.3	108.9	114.4	103.7	109.7
						Appraisal of Present Situation: Percent							
Business Conditions													
Good	26.2	26.6	28.2	27.4	28.7	27.3	26.4	26.5	29.5	28.4	28.4	25.7	22.9
Bad	23.4	21.8	21.4	21.3	21.0	21.8	21.8	22.9	23.1	22.6	23.4	23.8	25.5
Normal	50.4	51.6	50.4	51.3	50.3	50.9	51.8	50.6	47.4	49.0	48.2	50.5	51.6
Employment													
Jobs plentiful	18.9	19.6	19.8	19.5	19.7	19.6	18.8	19.6	20.4	20.6	19.8	20.7	19.1
Jobs not so plentiful	49.7	48.2	49.3	49.6	49.6	50.7	50.8	46.8	48.4	47.9	48.0	46.5	46.2
Jobs hard to get	31.4	32.2	30.9	30.9	30.7	29.7	30.4	33.6	31.2	31.5	32.2	32.8	34.7
						Expectations for Six Months Hence: Percent							
Business Conditions													
Better	21.8	20.8	22.0	19.9	19.7	18.1	18.4	20.6	22.8	20.0	20.9	19.9	19.7
Worse	8.7	8.9	10.8	9.1	8.5	8.7	8.4	9.1	11.3	10.0	9.4	10.4	10.6
Same	69.5	70.3	67.2	71.0	71.8	73.2	73.2	70.3	65.9	70.0	69.7	69.7	69.7
Employment													
More jobs	16.8	16.1	16.7	15.2	15.5	13.6	14.2	15.8	17.2	15.4	16.9	16.1	15.7
Fewer jobs	15.4	16.7	16.7	17.3	16.1	16.8	16.8	17.7	19.5	18.7	18.8	18.8	19.9
Same	67.8	67.2	66.6	67.5	68.4	69.6	69.0	66.5	63.3	65.9	64.3	65.1	64.4
Income													
Increase	27.3	28.0	27.4	29.8	26.7	28.2	26.6	25.8	30.7	27.3	26.9	26.8	25.6
Decrease	7.8	8.0	8.3	7.9	8.4	7.7	8.2	7.4	7.5	8.2	8.8	8.1	9.5
Same	64.9	64.0	64.3	62.3	64.9	64.1	65.2	66.8	61.8	64.5	64.3	65.1	64.9
						Plans to Buy Within Six Months: Percent							
Automobile													
Yes	8.5	10.6	8.9	9.1	10.2	9.0	8.8	8.9	11.4	9.6	9.6	8.9	8.7
New	5.0	6.0	5.1	5.3	5.4	5.1	4.4	4.7	5.9	5.8	5.3	4.9	5.2
Used	3.1	3.1	2.9	2.8	3.3	2.9	2.8	3.0	3.9	2.7	3.9	3.2	3.0
Uncertain	0.4	1.5	0.9	1.0	1.5	1.0	1.6	1.2	1.6	1.1	0.4	0.8	0.5
Home													
Yes	3.6	3.4	3.6	3.8	3.9	3.7	4.2	4.1	5.0	4.8	4.7	4.4	4.0
New	1.0	1.0	1.1	0.8	0.9	1.3	1.0	1.3	1.4	1.2	1.3	1.0	1.3
Lived in	1.5	1.6	1.7	1.9	2.1	2.0	2.0	2.1	2.2	2.1	2.1	2.3	1.8
Uncertain	1.1	0.8	0.8	1.1	0.9	0.4	1.2	0.7	1.4	1.5	1.3	1.1	0.9
Major appliances													
Total plans	27.8	28.4	35.9	28.5	29.8	34.5	30.2	27.8	43.4	28.6	28.2	27.6	33.4
Refrigerator	3.9	3.7	5.1	3.9	4.4	5.8	4.3	3.9	6.5	3.9	4.2	4.4	5.3
Washing machine	3.8	3.9	6.2	3.7	3.8	4.9	4.3	4.1	7.2	4.1	3.8	4.3	5.1
TV Set	8.2	8.2	10.7	8.8	9.2	9.8	9.2	8.3	13.5	7.6	7.1	7.3	7.7
Vacuum Cleaner	4.5	5.0	5.1	5.1	4.9	5.7	4.4	4.9	5.7	5.4	4.8	3.8	5.4
Range	3.0	2.7	3.2	2.7	3.0	3.0	2.5	2.0	3.8	2.8	2.9	2.7	3.4
Clothes dryer	2.8	3.4	4.1	2.9	3.1	3.8	3.4	3.5	5.0	3.4	3.4	3.5	3.7
Air conditioner	1.6	1.5	1.5	1.4	1.4	1.5	2.1	1.1	1.7	1.4	2.0	1.6	2.8
Carpet	7.1	7.0	8.7	6.7	6.6	7.3	6.9	7.0	9.1	6.6	8.0	6.5	7.5
						Vacation Intended Within Six Months: Percent							
Vacation Intended	48.7		49.2		44.7	47.0		51.2		51.6		50.7	
Destination													
Home state	9.4		8.8		8.0	9.2		10.9		11.7		11.1	
Other state	34.0		35.4		32.2	31.9		35.5		36.1		35.9	
Foreign country	7.1		6.0		5.9	7.4		7.1		5.4		6.0	
Means of travel													
Automobile	29.9		29.8		26.1	28.2		31.4		33.8		31.9	
Airplane	19.1		18.3		18.3	18.1		20.4		18.1		19.3	
Other	4.1		3.8		4.5	5.0		4.6		3.9		3.9	

(p)—preliminary (r)—revised

ATTENTION PC USERS: All Data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.